MARLBORO

RETAIL COMMUNICATIONS

2073613998

Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

MARLBORO

Retail Communications Overview

Type/Communication	Vehicle	Duration	Availability
• Promotional – MAT/MCS/MLP – Incentive – Pricing	– Poster/dangler – Display – Fixture – OHPM (no pricing) – B-display – Carton/pack fixtures	– 1-2 months	Promotion period
• Temporary - non promotional – Image (country)	– Poster/dangler – OHPM, B-display – Carton/pack fixtures	– 2+ months	Window between promotions
• Permanent – Red Roof – Image (country) – Pricing (limited)	– Counter balance – News stands – Shopping baskets – Illuminated signs	– 6+ months	On-going

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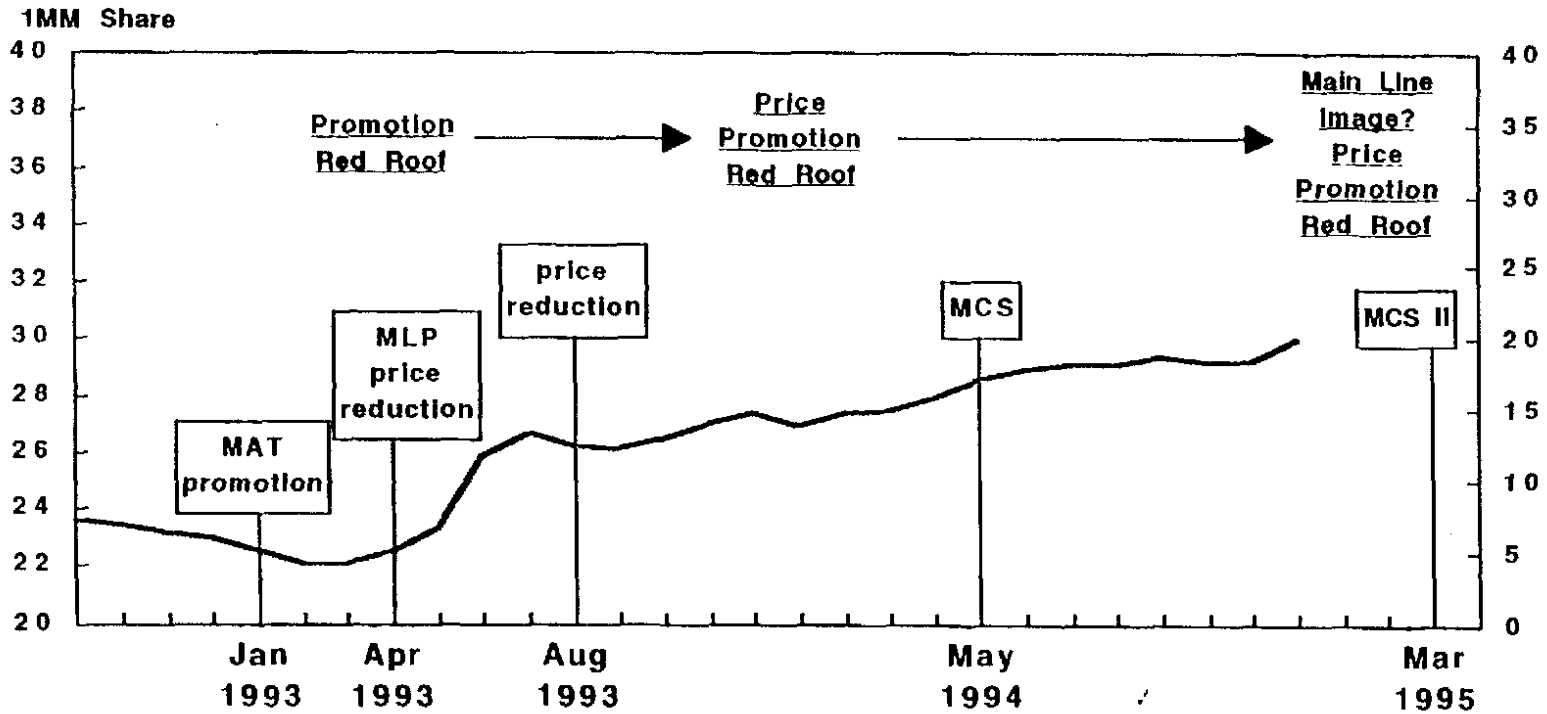
Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

Marlboro Retail Communication Cycle



Source: 1MM Nielsen

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Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

Point: Need to recognize and treat retail as a unique communications medium

Media Communications Comparisons

Print	Point of Sale	Outdoor
• intimate	• clutter	• big
• one on one	• "in your face"	• telegraphic
• can tell story	• daily	• bold
• execution intricacies	• dark	• no clutter
	• multiple communications	• distance

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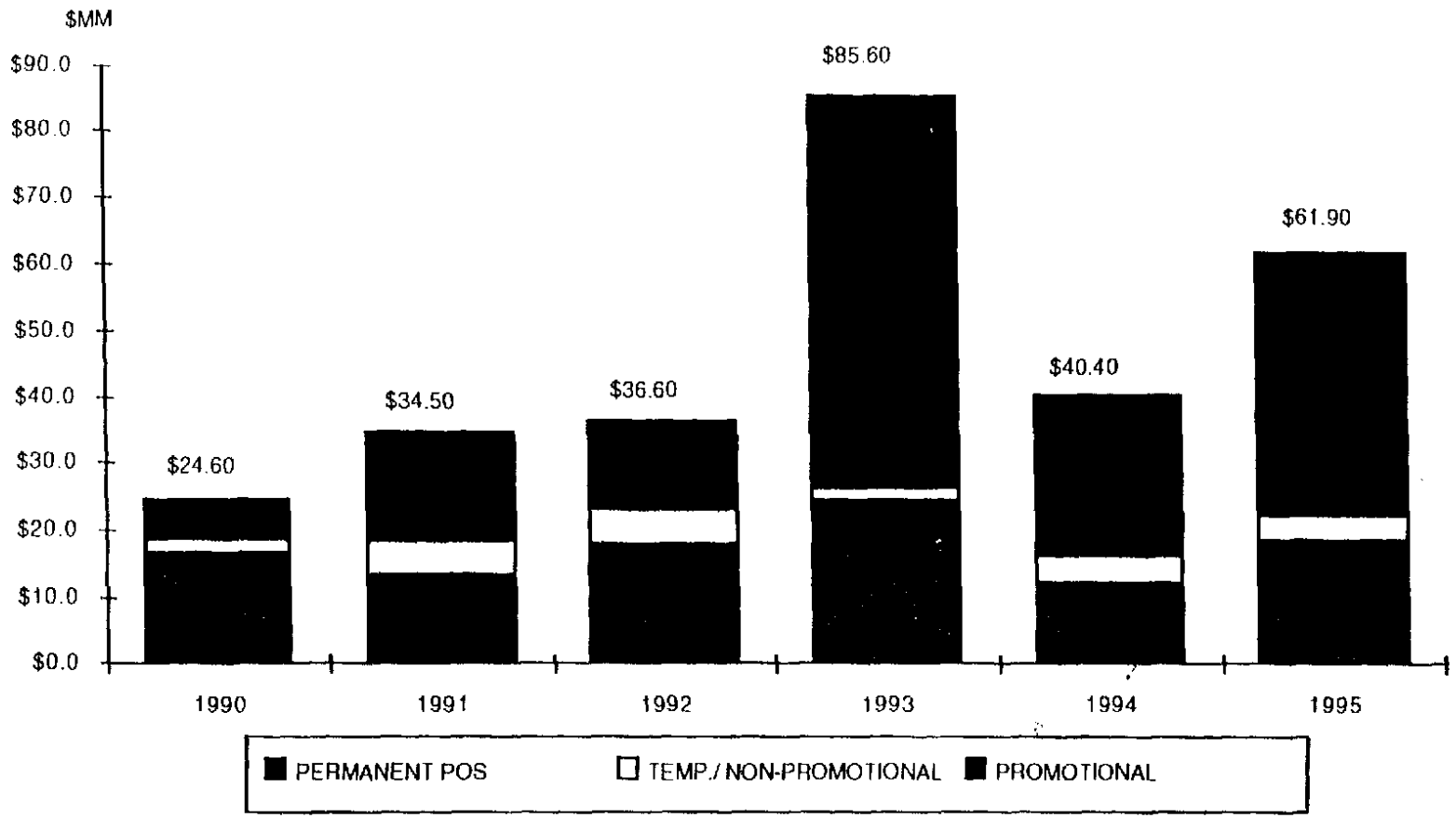
Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

MARLBORO
POS SPENDING



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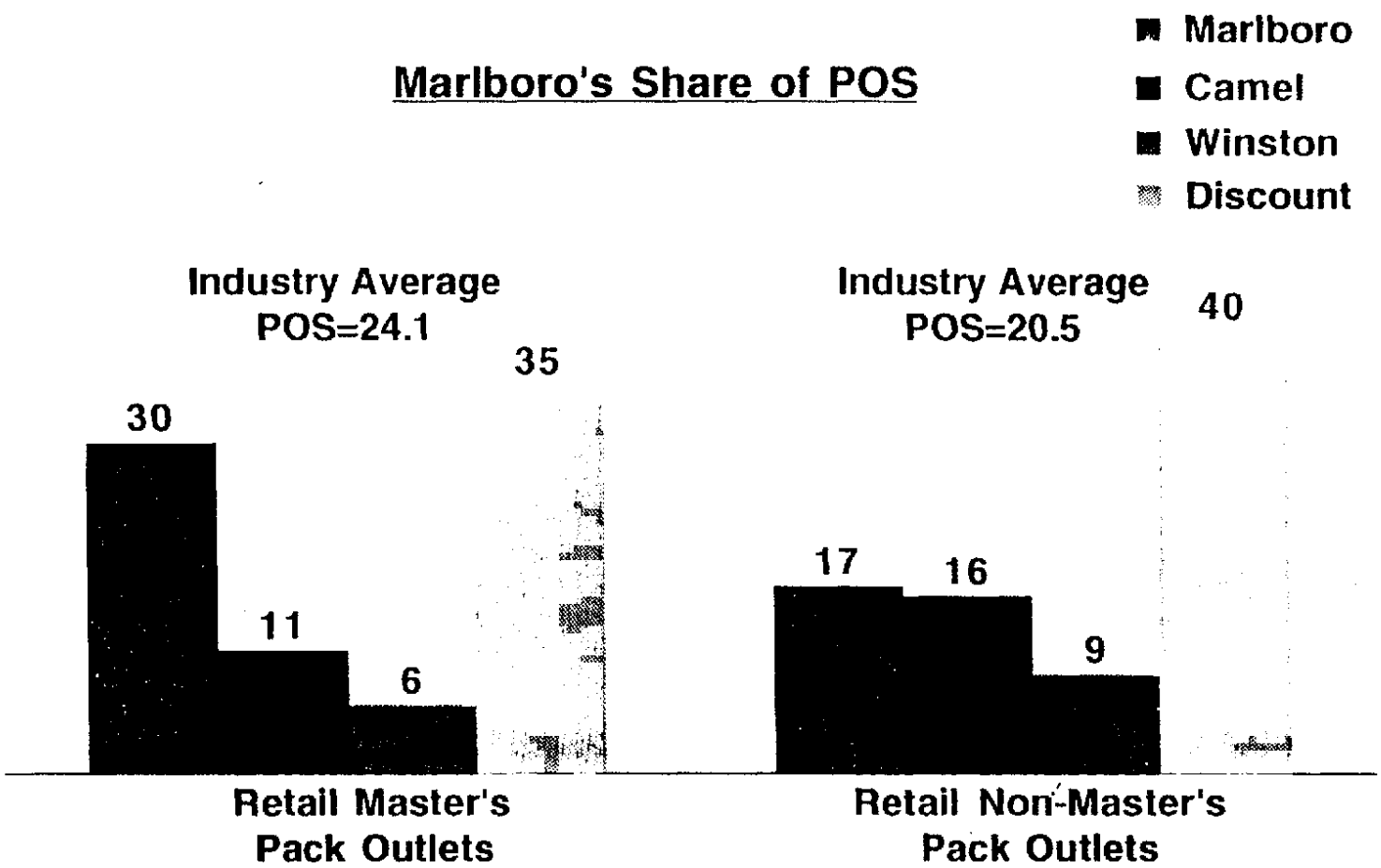
Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

Marlboro's share of POS is stronger in Master's pack outlets as compared to their Non-Master's counterpart.

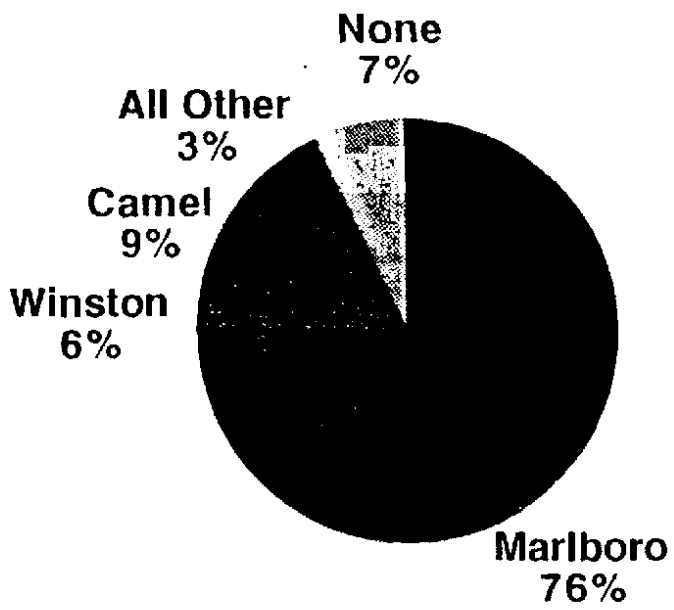


Source: POS Panel - Post MVI Pre: 1/10/94, Post: 12/5/94 Updated: 1/23/95

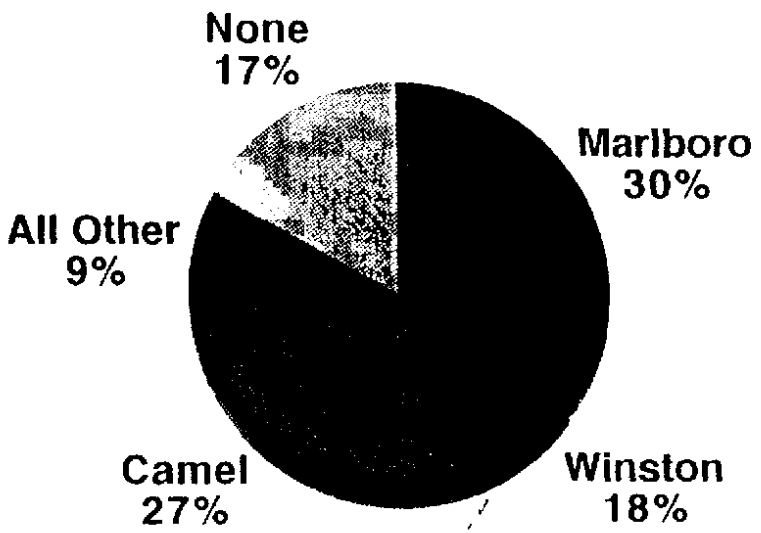
Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

Marlboro dominant position as the prominent/visible brand is clearly evidenced in the Retail Master universe.

Retail Masters



Non-Retail Masters

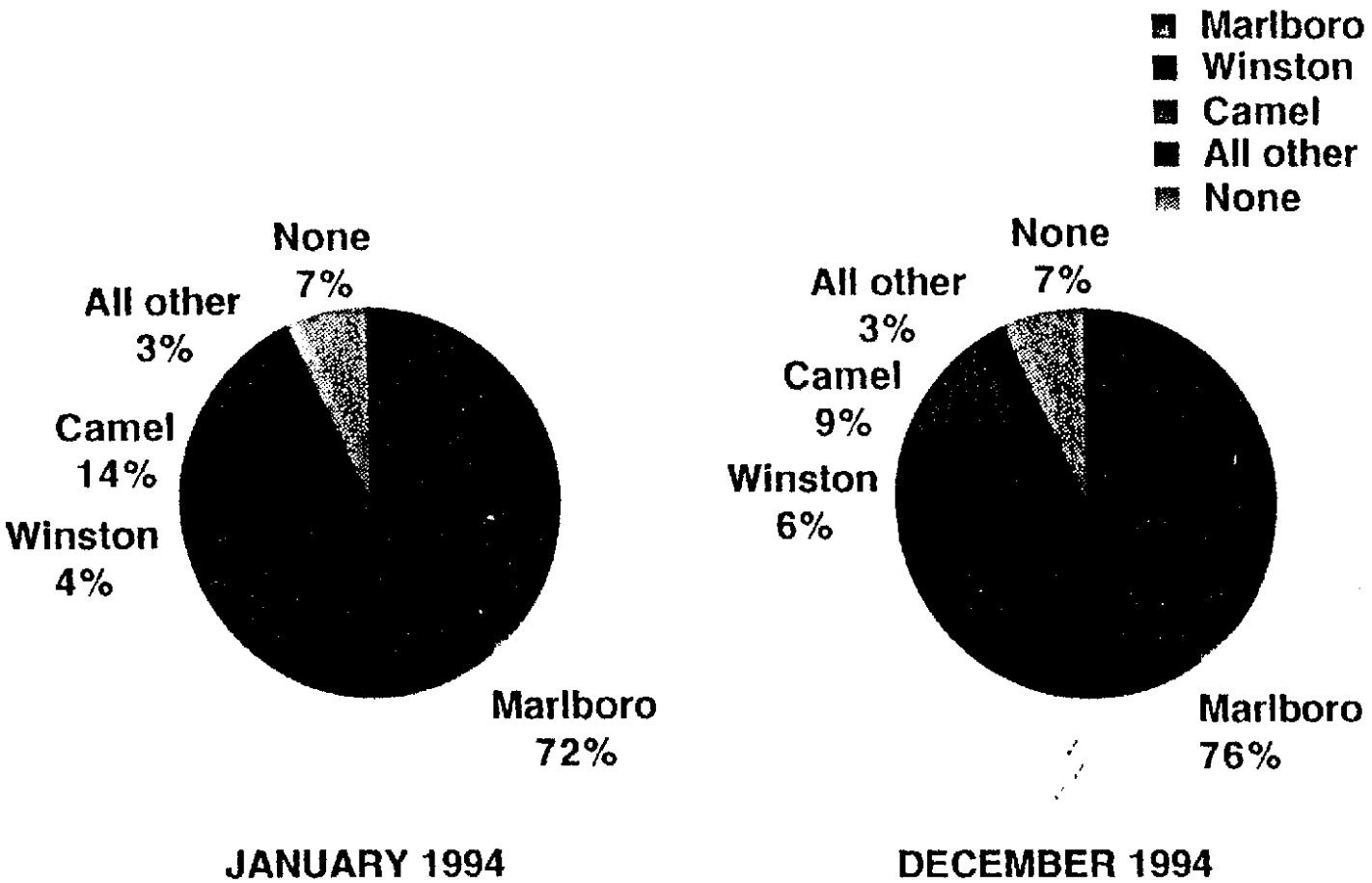


Source: POS Panel - Post MVI Pre: 1/10/94, Post: 12/5/94 Updated: 1/23/95

Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

MARLBORO

The perception of Marlboro as the most prominent/visible brand in Retail Masters has grown while Camel has fallen off.



DS 1/23 MVI graphs

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Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

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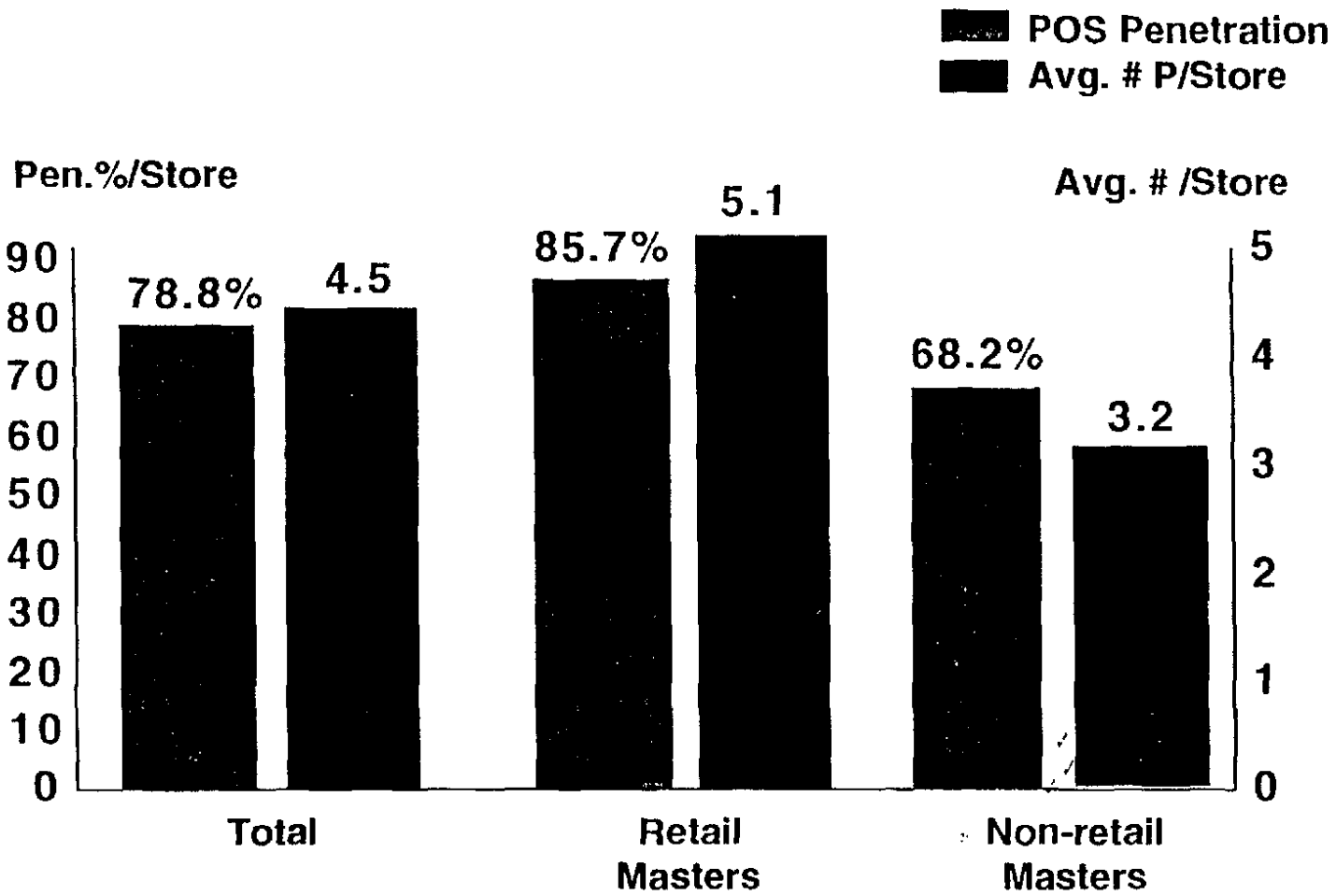
SPACE also confirms that retail masters is providing significantly better visibility than non-retail masters.



Source: Space, December 1994

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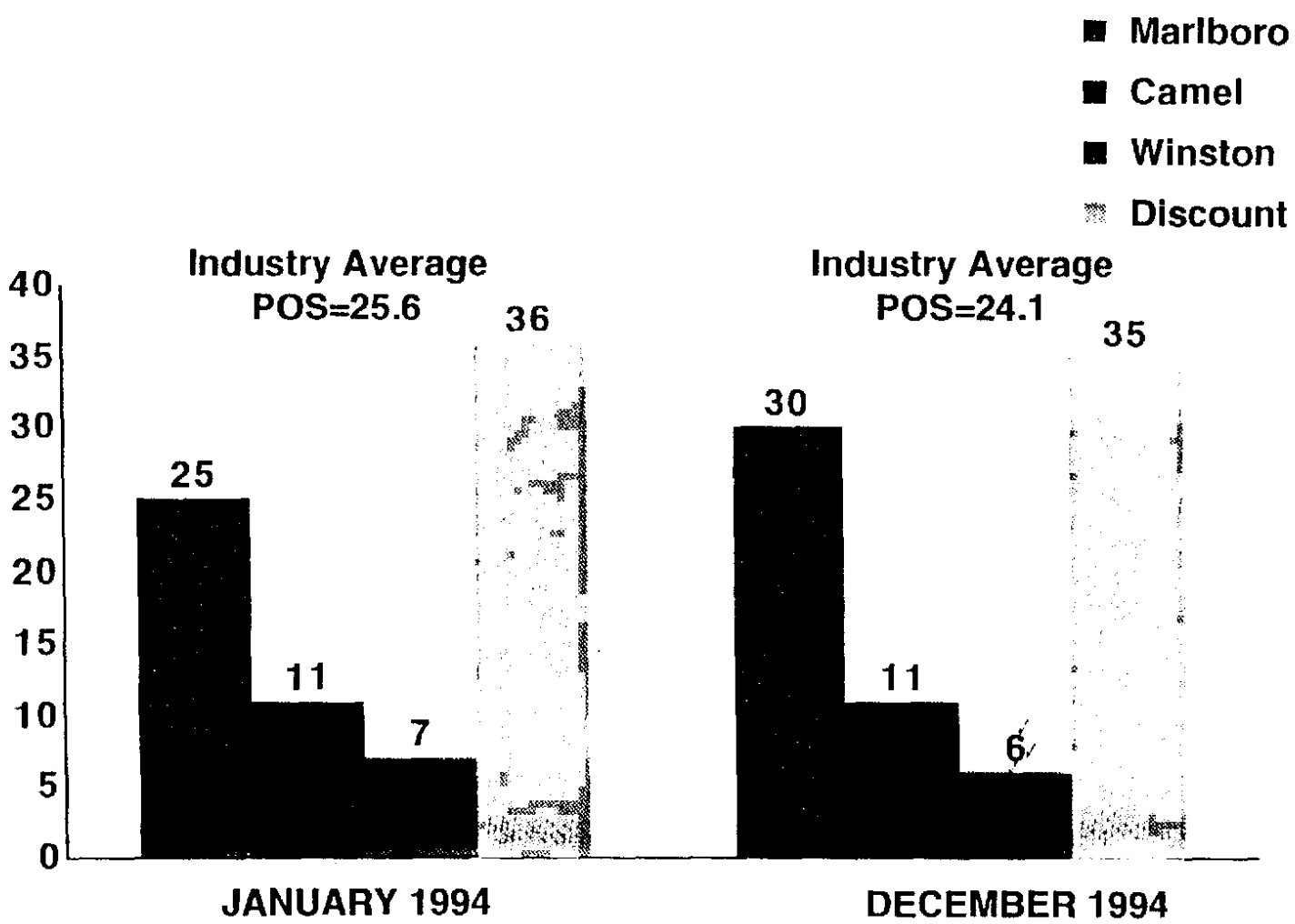
Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

Marlboro's share of Retail Master's pack outlets has improved while overall POS quantities have fallen.



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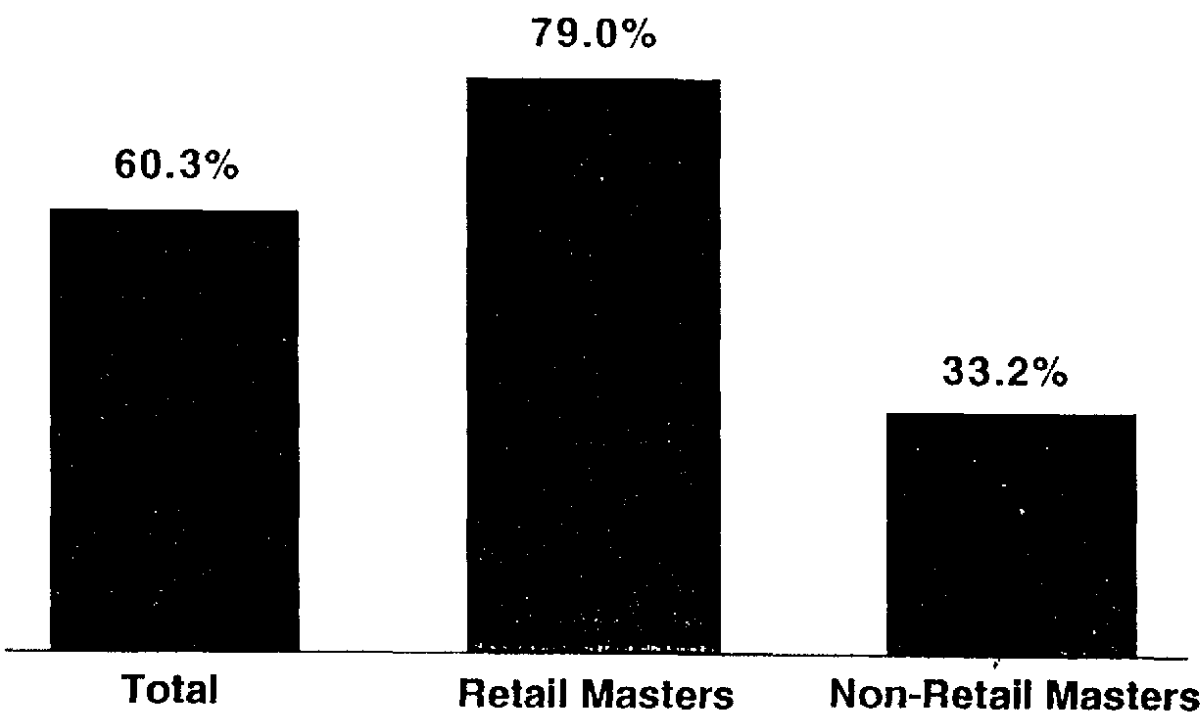
Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

Stores on PM Visibility Strategy



Source: SPACE Survey, December 1994, among stores reporting.

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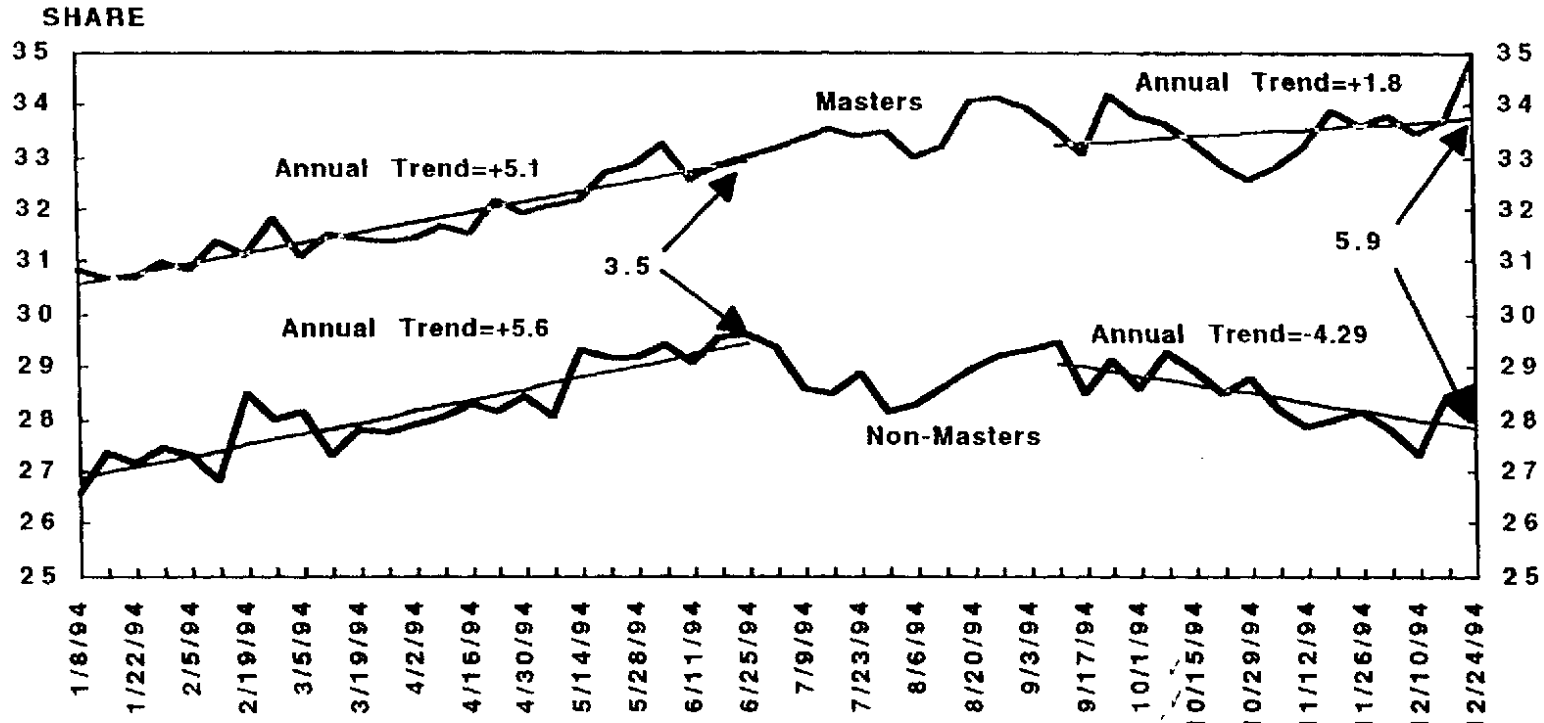
Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

TOTAL MARLBORO
SHARE OF MARKET
C-STORES: MASTERS VS NON-MASTERS



SOURCE: INTEGRATED NIELSEN (WKLY)

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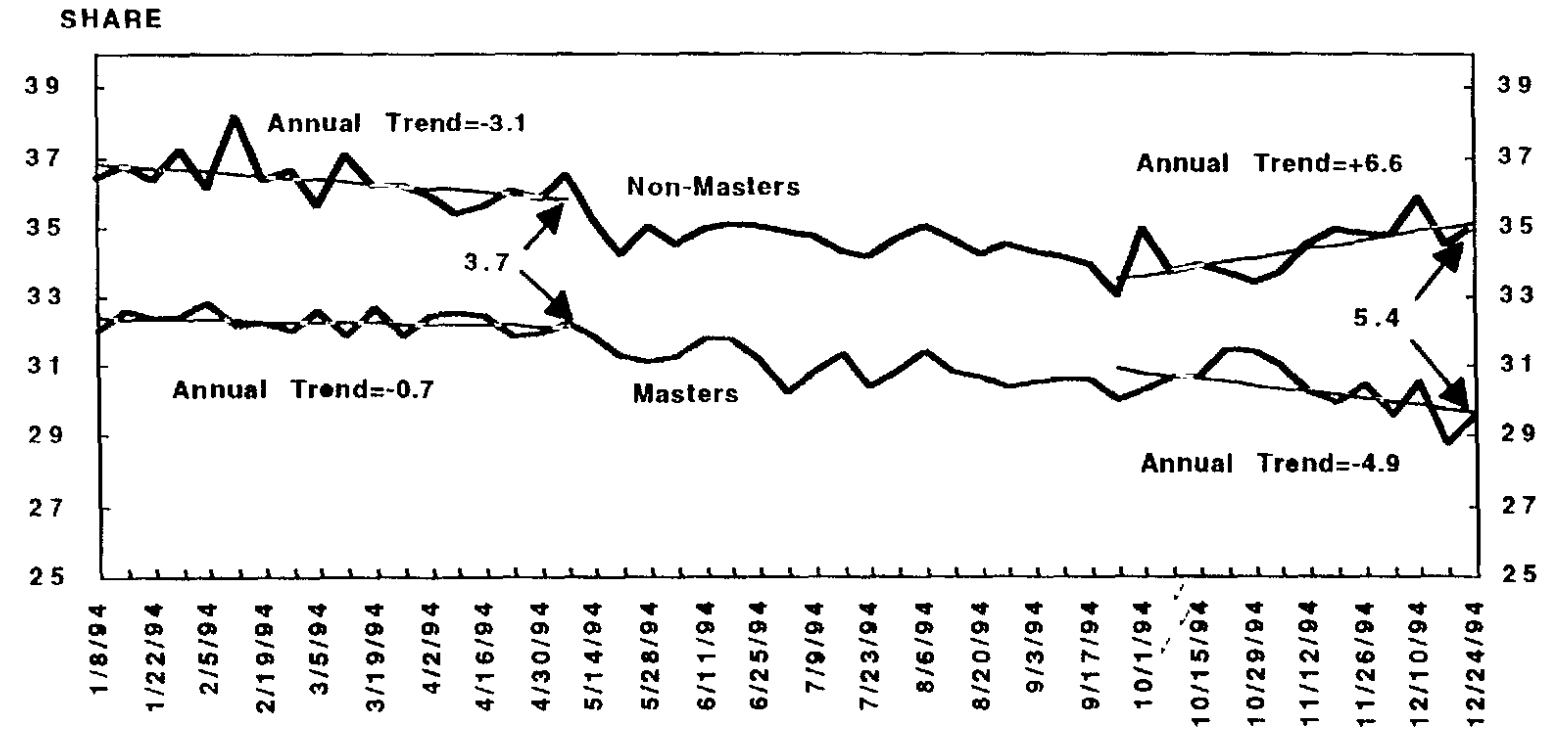
Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

TOTAL DISCOUNT
SHARE OF MARKET
C-STORES: MASTERS VS NON-MASTERS



SOURCE: INTEGRATED NIELSEN (WKLY)

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Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

POS Visibility Strategy - September 1994

September

September's drive will focus on Exterior POS:

Permanent POS

- Counter Balance Signs
- Wallpoles/Flanges
- Pump Toppers
- Neons
- Lit Signs

Semi-Permanent POS

- Decals
- Open/Closed Signs
- Pricing Banners

Items physically placed in stores during September/October.

October

October's drive will focus on Interior POS:

Permanent POS

- Newstands
- Shopping Baskets
- Clocks
- Ashtrays
- Light Thieves

Semi-Permanent POS

- Change Mats
- Fixture Graphics

Items physically placed in stores during October/November.

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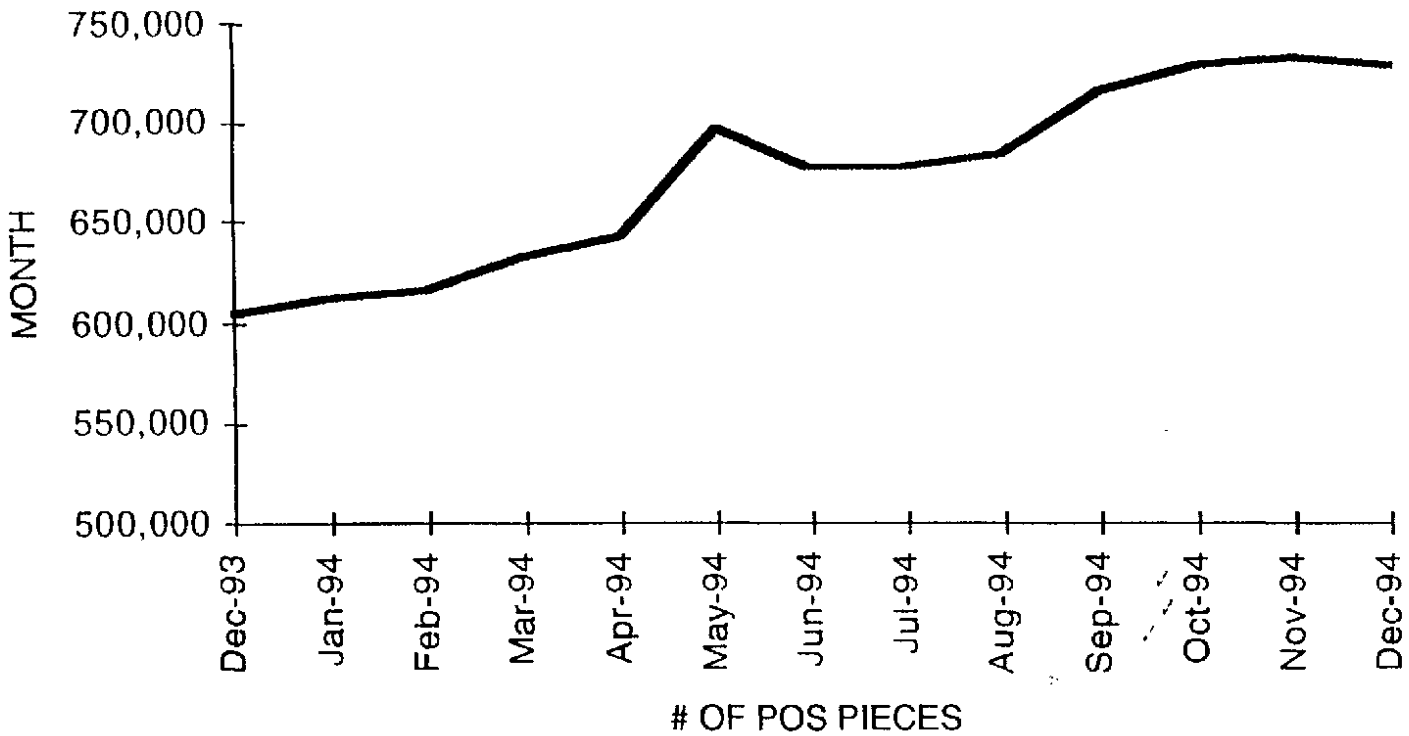
Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

Monthly Marlboro POS Placement



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Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

Section 51
Visibility Test

Background

- Section planning meeting in May 1994
  - Peer Group Section Meeting in July
- Priority section: Camel/Discount development/Region 5
- Received requests for additional POS support

Objectives

- Achieve leadership presence in all account types
  - Each sales territory set objectives

Goals

- Focus on high visibility Camel stores
- Accelerate learning
- Test new POS items
- Address business condition in priority section

Actions

- Create priority/focus
- Get Section/Region buy in
- Heavy-up allocations
  - Promotion approach to execution
- Part timer support (3rd party)
- Bar/Restaurant program (EMI)
- Track/Measure

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Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

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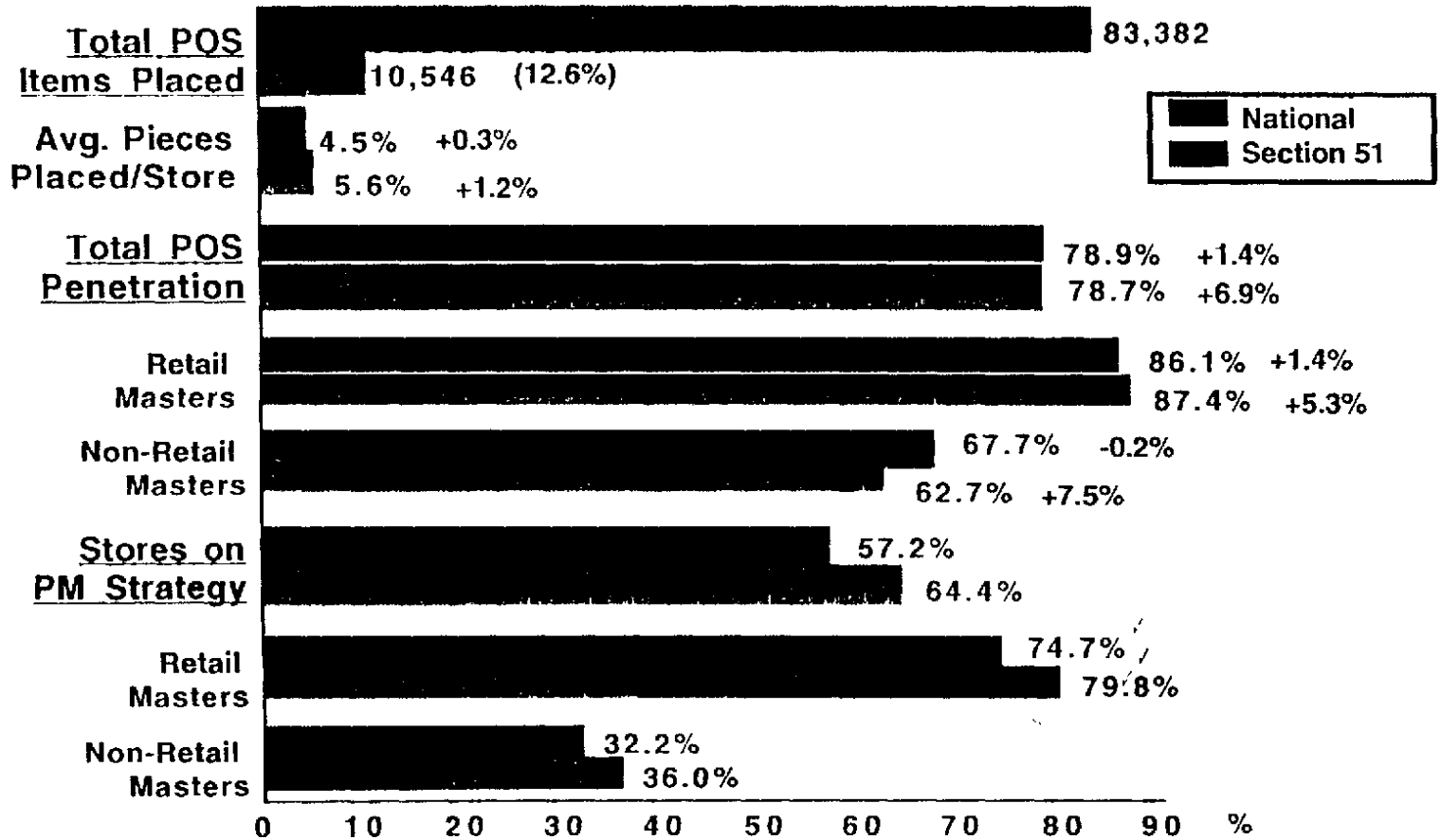
SECTION 51 TEST
Preliminary Results – Sept/Oct Visibility Program
Pre-Post SPACE Analysis



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Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

MARLBORO NON WORKLOAD VISIBILITY

Background

- MLP/contingency identified 20,000 non-call accounts.
- Opportunity to test via direct or wholesaler trade.
- STARS identified 75M accounts with 10-50 CPW.
- Initial results of 3 tests and 1 national program are positive
  - POS placement: 46% - 57%

Objectives

- Generate visibility and build volume in non-workload accounts.

Strategy

- Develop and distribute themed visibility kits in support of major promotional drives.
  - Carrier case with 5 Marlboro cartons and POS
  - Overlay contest/sweepstakes that rewards placing POS material
  - Surveys and shopper audits

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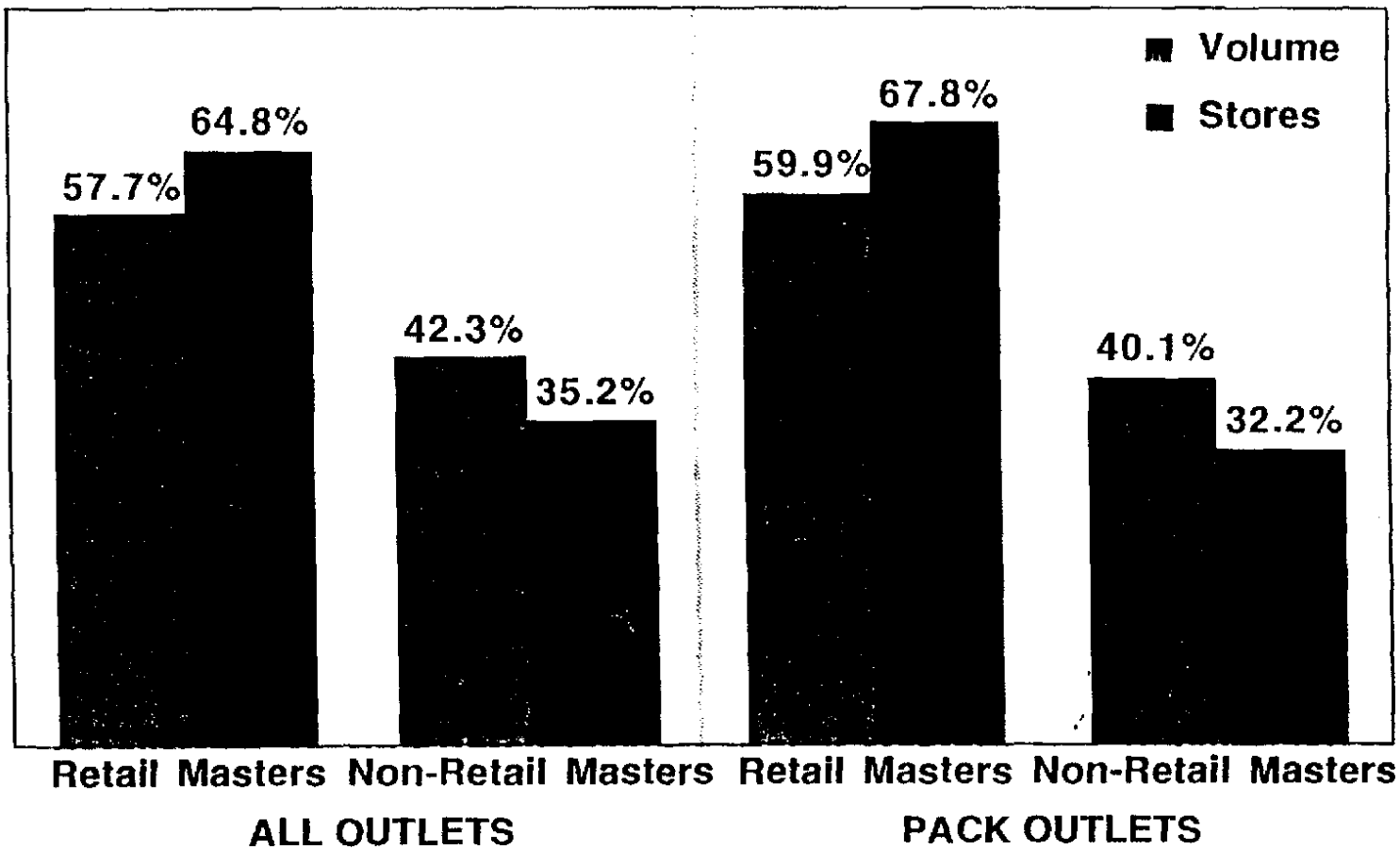
Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

Retail Masters/Non-Retail Masters Universe



Source: SPACE, STARS, 12/94

Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

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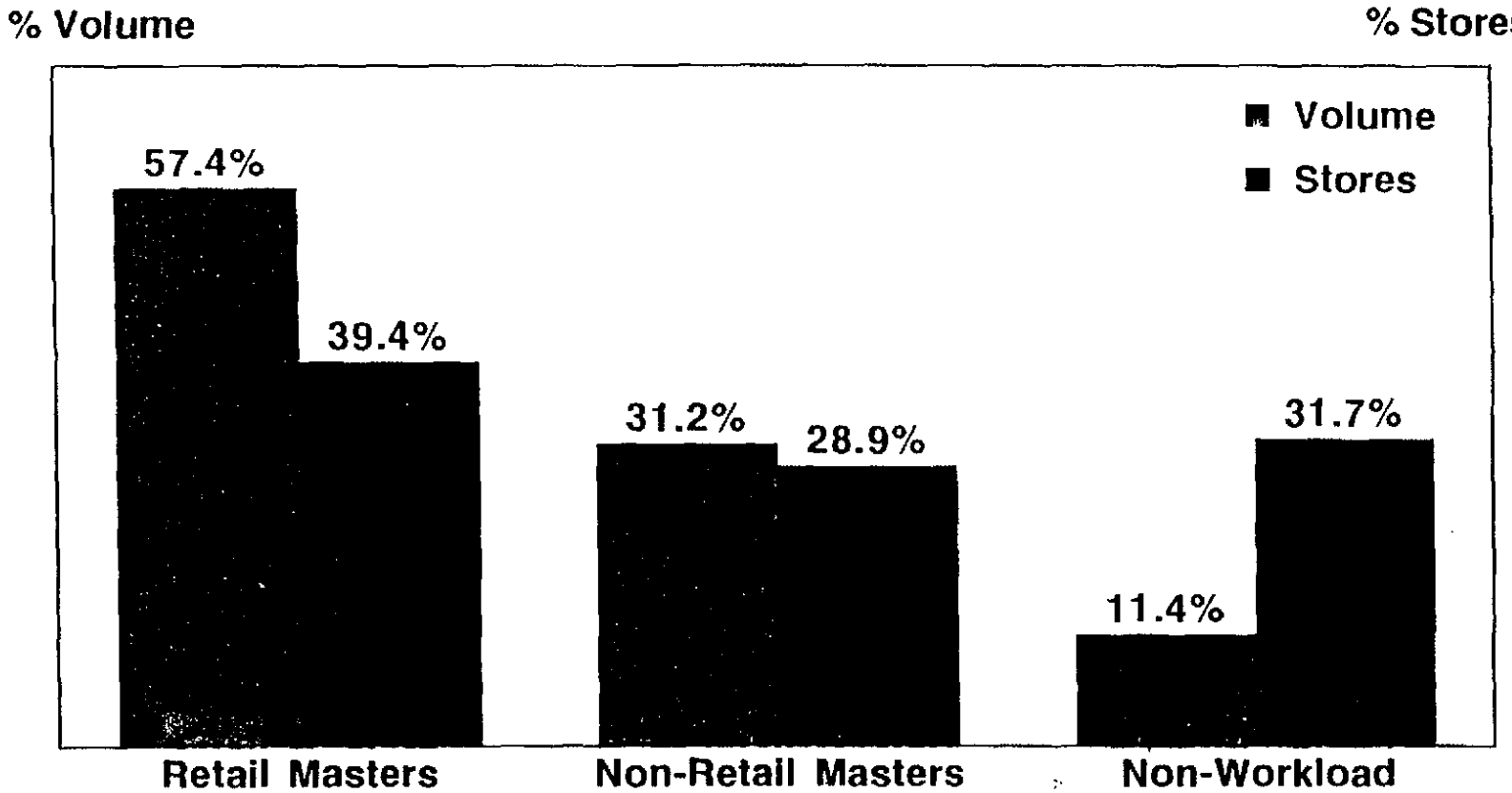
Retail Universe
All Stores



Source: SPACE, STARS, 12/94

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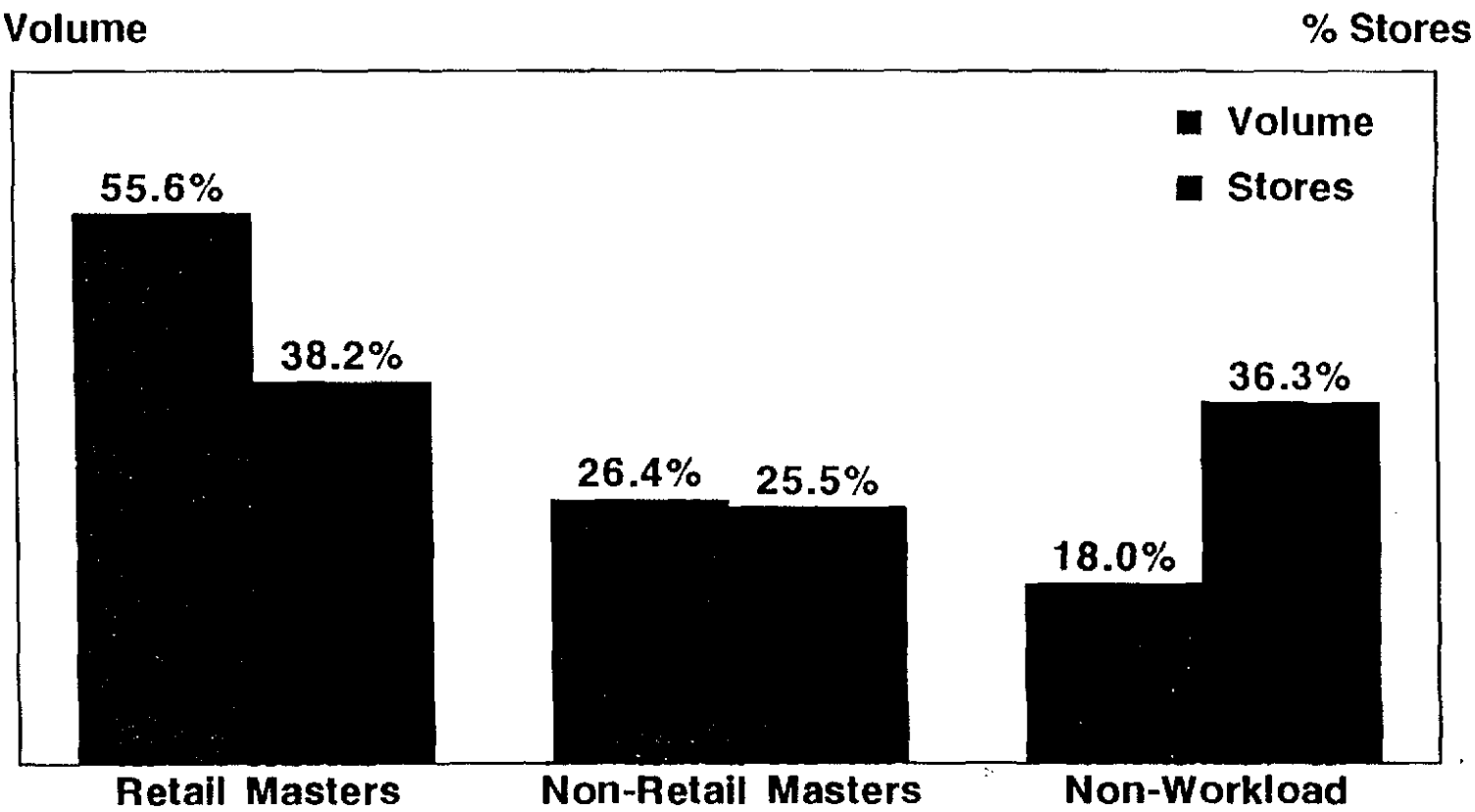
Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

Retail Universe
Pack Outlets



Source: SPACE, STARS, 12/94

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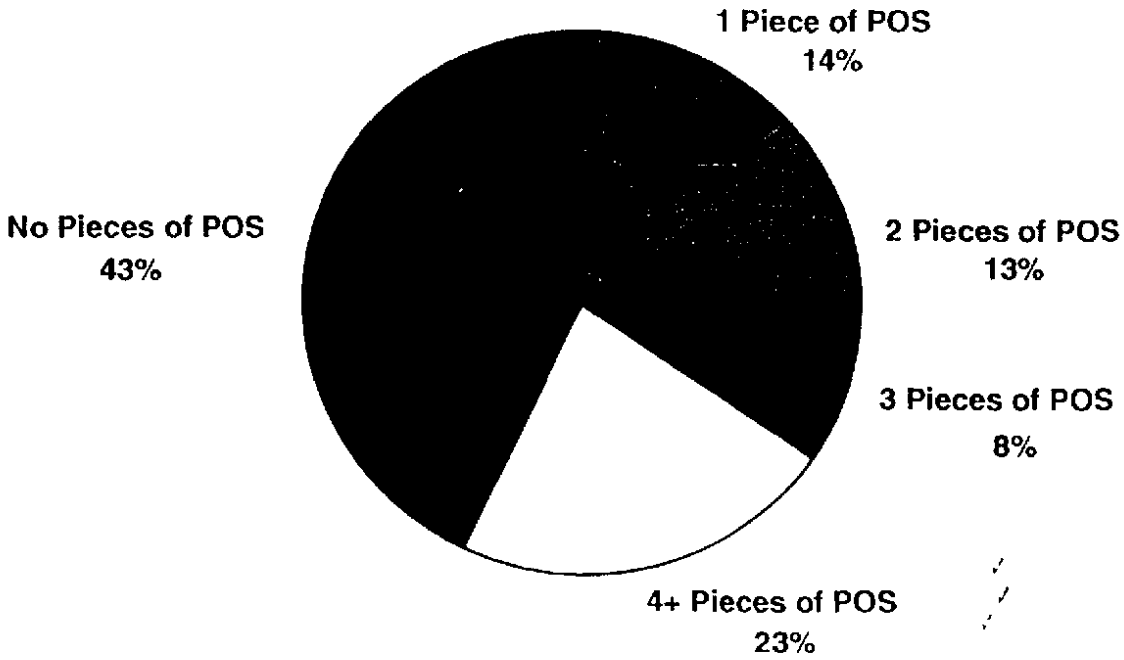
Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

MARLBORO NON WORKLOAD VISIBILITY

57% of all non workload stores featured POS. 23% had 4+ pieces up.

Percentage of Stores with POS - November National Program



Sources: Shopper Audit - November 1994

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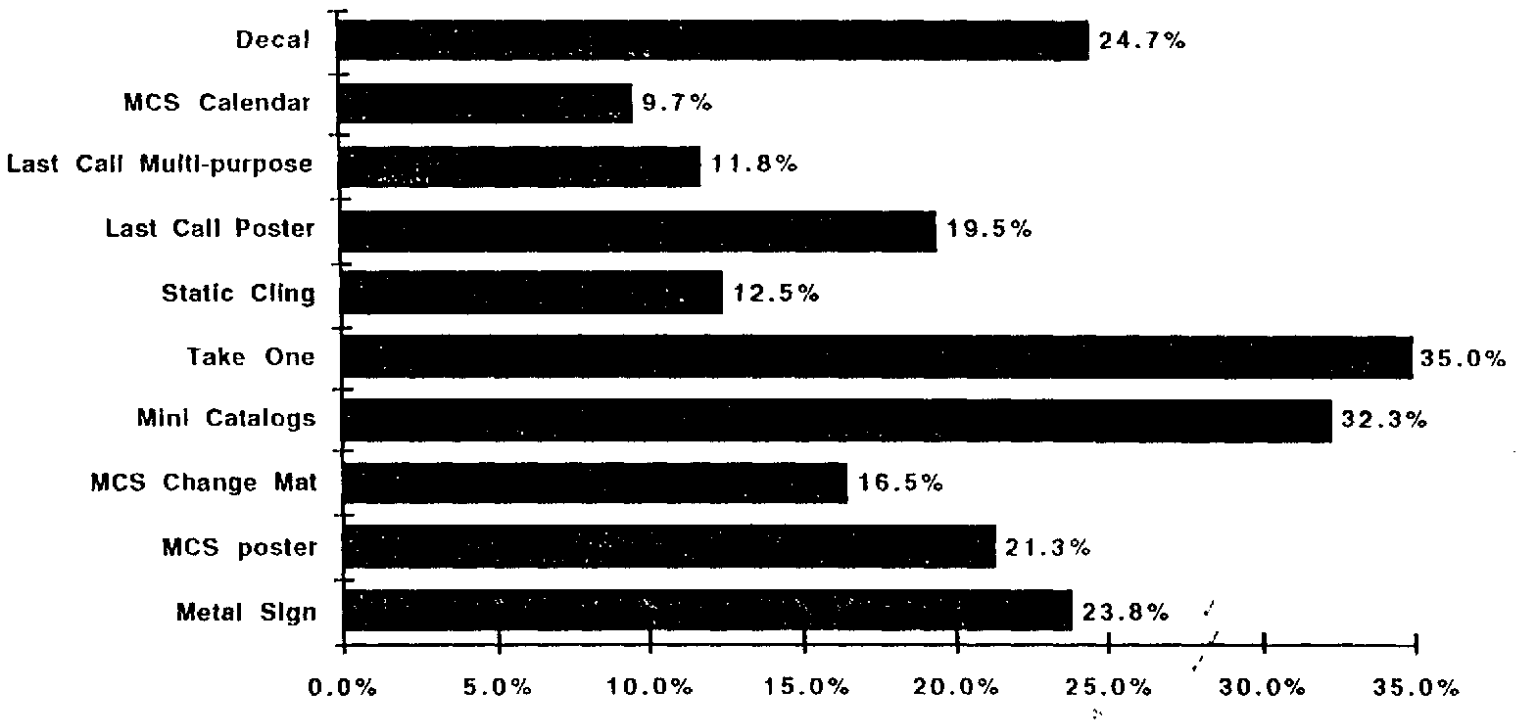
Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

Mini catalogs with take one boxes represented the most popular POS.

Penetration of POS - November National Program



Sources: Shopper Audit - November 1994

Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

1995 Action Plan

- Continue to support promotional activity with national non workload/non-retail masters programs via retail product/POS kits.

- 3 visibility drives scheduled for 1995.

Drive	Timing	Theme
1	March	MCS II
2	June	MCS II
3	September	Thunder

- Track effectiveness of programs (audits, surveys, SBOs). Incorporate information into STARS and other databases.

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Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

MARLBORO URBAN VISIBILITY

Situation Analysis

- In urban markets, key YAS competitors have gained a disproportionately large retail footprint and OOH presence
- Lower volume accounts within this environment are not well penetrated by Marlboro
- Region 1 Urban Visibility test initiated in Quarter 4, 1994

Take Away

- Retail communication in urban environments is critical in maintaining brand popularity/relevancy
  - Marlboro needs to reassert its presence
  - Hispanic's vulnerable
- Existing structure and programs not geared to urban support
- Preliminary findings positive
  - Extend a test in 7 key urban markets

2073614022

Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

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Situation Analysis

- Marlboro has improved its leadership position at retail
- Success in:
  - Retail Masters
  - Red Roof presence
  - Price communication
  - Mega-promotion penetration
- MVI program successful
  - Section 51 test
- Exclusive PM Retail Masters accounts provide competitive advantage.
- Image (country) does not break out/add news

Take Away

- Growth and momentum have further leveraged retail presence and program effectiveness.
- Large scale initiatives drive leadership presence and improved performance
  - priority/focus
- Organization responds well to promotionally oriented initiatives
  - Strategy communicated
- Opportunity to develop innovative, replicatable retail communication platform
  - 2 pack sku's
- Forced OOH executions not effective enough

2073614023

Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

Situation Analysis	Take Away
• Image placement/rotation sporadic	• Not a priority
• Price communication fragmented	• Prior temporary materials do not support price call out/ leadership pricing
• Marlboro underperforming in Non-Retail Masters – Urban presence	• Volume/franchise vulnerability
• Non-Workload programs effective	• Trade can augment FSF resources
• Lit OHPMs break out	• Merchandising can add more value in cluttered environment

2073614024

Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

MARLBORO

Situation Analysis

- Tracking and analysis underdeveloped
  - Research evolving
- Lack of consensus on new execution initiatives
  - Non-workload/non-retail masters program
  - Visibility drives
- Few new items developed and placed
  - Long execution cycle time
  - Deadlines not defined
- History of broken promises to FSF/trade
  - Excessive/idle inventory
  - Inventory mix
  - Geo-balance

Take Away

- Information upgrade required to support process improvement
- Communication hampers issue resolution
  - Definitional
  - Process
- Lack of innovation inhibits "news"
- Underdeveloped production planning/allocation process

2073614025

Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

Retail Communications SWOT

Strength
- Scale/momentum
- Lead competitive brands
- Red Roof
- Retail Masters
- Promotion program penetration
- Price leverage

Weakness
- Process
- Image presence/balance
- Price communications
- Innovation
- Production planning
- Research

Opportunity
- Creative
- Lead over competition
- Retail Masters Upside
- Retail Masters Exclusivity
- Non-Retail Masters/Non-Workload
- Lit POS/Merchandising
- Emerging Retail Formats
- Bars

Threat
- Clutter
- Trade succumbs to social pressure

2073614026

Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

Key Issues

- Marlboro's retail visibility and communication can be further maximized in:
  - Leadership
  - Balance
  - Brand value
  - Break through
  - Trade coverage
  - Innovation
- Process issues inhibit maximization of goals

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Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

Business Implications

- Process issues require resolution to ensure success:
  - Communication
  - Accountability
  - Process Drivers
  - Production Planning
  - Allocations

Key Leverage Points

- Marlboro's scale and momentum
- Retail Masters
- Resource Pool

Sustainable Competitive Advantage

- Broad/balanced communication of
  - Branding (Red Roof)
  - Image (country)
  - Promotion (MCS)
  - Price (leadership/flex)

Strategy

- Gain Equity Enhancing Leadership Presence In All Relevant Retail Outlets

Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

MARLBORO

Plan

- Engender company-wide recognition/adoption of strategy

Execution

- Adopt a PM core competency to retail communication: Promotion approach
  - PPP: priority/focus
    - Rotate fixture graphics
    - Permanent POS visibility drives
      - priority
      - strategy enforcement
      - new items
    - Forecasting/Allocation/Tracking/Utilization
    - Performance measurement systems

- Execute Non-Workload Visibility Programs
  - Non-Retail Masters?
  - Test urban visibility initiatives

2073614029

Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

- Develop retail specific creative/items
  - Avoid "force-fitting" creative executions
  - In-store evaluation program

- Use lighting to break out
  - All new OHPM's to be lit/new item priority
  - Test new counter display lit concepts

- Incorporate price call outs in temporary promotion/image (country) materials (except OHPM)

- Enhance current systems/processes:
  - Cross Functionally Sponsored Study

Tracking

- Continue to conduct/enhance information quality, tracking and research
  - Monitor successes
  - Refine methodology

2073614030

Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004

1995 POS Calendar – With Cycle Materials

	OHPM/ B-header	Other POS	Local Markets	Permanent	Non-Workload Visibility
January	M-Country	Matches	–	–	–
February	M-Country	M-Country	Racing	–	–
March	MCS II A	MCS II A	Racing	–	Drive A
April	MCS II A	MCS II A	Racing	–	–
May	M-Country	MCS II B	Racing	Drive #1	–
June	M-Country	MCS II B	Racing	–	Drive B
July	MCS II C	MCS II C	Racing	–	–
August	MCS II C	MCS II C	Racing	–	–
September	Thunder	Thunder	Racing	–	Drive C
October	Thunder	Thunder	–	Drive #2	–
November	Thunder	Thunder	–	–	–
December	Thunder	Thunder	–	–	–

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Source: https://www.industrydocuments.ucsf.edu/docs/lmmn0004